

1 UNITED STATES DISTRICT COURT
2 DISTRICT OF PUERTO RICO
3
4 In Re:) Docket No. 3:17-BK-3283 (LTS)
5)
6) PROMESA Title III
7 The Financial Oversight and)
8 Management Board for)
9 Puerto Rico,) (Jointly Administered)
10)
11 *as representative of*)
12)
13 The Commonwealth of)
14 Puerto Rico, *et al.*) March 23, 2022
15)
16 Debtors,)

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13 OMNIBUS HEARING
14 BEFORE THE HONORABLE U.S. DISTRICT JUDGE LAURA TAYLOR SWAIN
15 UNITED STATES DISTRICT COURT JUDGE
16 AND THE HONORABLE U.S. MAGISTRATE JUDGE JUDITH GAIL DEIN
17 UNITED STATES DISTRICT COURT JUDGE
18

19 APPEARANCES:
20
21 ALL PARTIES APPEARING VIA VIDEOCONFERENCE OR TELEPHONICALLY
22 For The Commonwealth
23 of Puerto Rico, *et al.*: Mr. Martin J. Bienenstock, PHV
Mr. Brian S. Rosen, PHV
Ms. Laura Stafford, PHV
24 For Puerto Rico Fiscal
25 Agency and Financial
Advisory Authority: Mr. Luis C. Marini-Biaggi, Esq.

1 APPEARANCES, Continued:

2 For the Fee Examiner: Ms. Katherine Stadler, PHV

3 For Jose Onofre
4 Ortiz-Quinones: Ms. Vanessa Hernandez-Rodriguez, Esq.

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25 CAT.

I N D E X

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2	WITNESSES:	PAGE
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5	EXHIBITS:	
6	None.	
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1 San Juan, Puerto Rico

2 March 23, 2022

3 At or about 9:47 AM

4 * * *

5 THE COURT: Buenos dias. Please turn your cameras on
6 for these introductory remarks and instructions, and keep your
7 microphones muted.

8 Ms. Tacoronte, would you please call the case?

9 COURTROOM DEPUTY: Good morning, Your Honor.

10 *In re: The Financial Oversight and Management Board*
11 *for Puerto Rico, as representative of the Commonwealth of*
12 *Puerto Rico, et al.*, PROMESA Title III, case no. 2017-3283,
13 for Omnibus Hearing.

14 THE COURT: Again, good morning, and welcome counsel,
15 parties in interest, and members of the public and press. It
16 is good to be with you at a time when progress is being made
17 in restoring Puerto Rico's financial health, and the public
18 health situation is improving.

19 To ensure the orderly operation of today's virtual
20 hearing, once we turn to our Agenda items, all parties
21 appearing by Zoom must mute their microphones when they are
22 not speaking, and turn off their video cameras if they are not
23 directly involved in the presentation or argument. When you
24 need to speak, you must turn your camera on and unmute your
25 microphone on the Zoom screen.

1 I remind everyone that, consistent with court and
2 judicial conference policies, and the orders that have been
3 issued, no recording or retransmission of the hearing is
4 permitted by anyone, including but not limited to the parties,
5 members of the public, and the press. Violations of this rule
6 may be punished with sanctions.

7 I will be calling on each speaker during the
8 proceedings. When I do, please turn your camera on, unmute
9 yourself, and identify yourself by name for clarity of the
10 record. After the speakers listed on the Agenda for each of
11 today's matters have spoken, I may permit other parties in
12 interest to address briefly any matters raised during the
13 presentations that require further remarks. If you wish to be
14 heard under these circumstances, please use the "raise hand"
15 feature at the appropriate time. That feature can be accessed
16 by selecting the reactions icon in the tool bar located at the
17 bottom of your Zoom screen. I will call on the speakers one
18 by one. After you have finished speaking, you should select
19 the "lower hand" feature.

20 Please do not interrupt each other or me during the
21 hearing. If we interrupt each other, it's difficult to create
22 an accurate transcript. Having said that, and as usual, I
23 apologize in advance for breaking the rule, because I may
24 interrupt if I have questions or if you go beyond your
25 allotted time. If anyone has difficulty hearing me or another

1 participant, please use the "raise hand" feature immediately.

2 The Agenda, which was filed as docket entry no. 20422
3 in case no. 17-3283, is available to the public at no cost on
4 Prime Clerk for those interested. I encourage each speaker to
5 keep track of his or her own time. The Court will also be
6 keeping track of the time, and will alert each speaker when
7 there are two minutes remaining with one buzz, and when time
8 is up, with two buzzes. Here is an example of the buzzer
9 sound.

10 (Sound played.)

11 THE COURT: If your allocation is three minutes or
12 less, you will just hear the final two buzzes.

13 If we need to take a break, telephone listen-only
14 participants are asked to remain on the AT&T line during the
15 break. This morning we will proceed from 9:30 AM to 11:50 AM,
16 and, if necessary, we will resume from 1:10 PM to 5:00 PM.

17 Please turn your cameras off now, and turn your
18 camera back on when we reach your Agenda item or if I call on
19 you. Thank you.

20 The first Agenda item is, as usual, status reports
21 from the Oversight Board and AAFAF. As I requested in the
22 Procedures Order, these reports have been made in writing in
23 advance of this virtual hearing, and are available on the
24 public docket at docket entry nos. 20428 and 20429 in case no.
25 17-3283 respectively.

1 I thank the Oversight Board and AAFAF for the care
2 and detail reflected in the reports, which, as always, cover
3 important matters, including progress toward implementation of
4 the Plan of Adjustment for the Commonwealth, PBA, and ERS, and
5 the willingness of the parties to enter into mediation with
6 respect to a plan for PREPA. I also note that the Oversight
7 Board filed a status report regarding the parties' progress
8 toward eliciting consent for mediation, and the parties'
9 progress toward defining the scope of mediation, which is
10 available on the public docket at docket entry no. 20403 in
11 case no. 17-3283.

12 At this point, would the Oversight Board's
13 representatives like to make any additional comments? I will
14 then have a couple of questions. Mr. Bienenstock?

15 Oh, you're muted, Mr. Bienenstock. You're still
16 muted, Mr. Bienenstock.

17 MR. BIENENSTOCK: Sorry.

18 THE COURT: Okay. Now you're unmuted.

19 MR. BIENENSTOCK: Good morning, Your Honor. Martin
20 Bienenstock of Proskauer Rose, LLP, for the Oversight Board.
21 Thank you for the opportunity, but at this time we have
22 nothing to add to the report we filed last night.

23 THE COURT: Thank you, Mr. Bienenstock.

24 So my first question is, as always, a follow-up on
25 the ADR, the claims issues. So in the status report you

1 indicated that the maximum number of claims that may be
2 transferred into ADR is 6,000, and the actual number might be
3 as low as 1,000. Is there any more information that you can
4 give at this time as to the volume and pace of claim
5 objections that the Court should expect?

6 MR. ROSEN: Your Honor, this is Brian Rosen. Do you
7 hear me?

8 THE COURT: Yes. Good morning, Mr. Rosen.

9 MR. ROSEN: Good morning, Your Honor. Thank you.
10 And Ms. Stafford is on with me as well.

11 The answer to your question is that we are doing our
12 best to try and collect as much information as possible. Part
13 of the problem is that we're still gathering that data from
14 the Puerto Rico DOJ and the respective agencies that have
15 claims outstanding. Many of the claims that were filed were
16 in totally unliquidated amounts, and many of the files that
17 were associated with those claims, we just don't have the
18 information for.

19 So we're actually going to be putting out
20 informational demands to the respective agencies in accordance
21 with the provisions of PROMESA so that we can come up with an
22 easier way to get that data, and hopefully expeditiously
23 reconcile the claims. To the extent that we get information,
24 we will try to put that into ADR, Your Honor. To the extent
25 that there is no information available and we do not get any

1 responses from the respective claimants, which we have been
2 unsuccessful in getting responses to information requests so
3 far, we're going to have to put those, rather, into the
4 objection process rather than into the ADR process. That's
5 why there is that big delta between what could be and what
6 more likely would go into those.

7 So we're trying to do that, Your Honor. We know that
8 we have a time period in accordance with the terms of the Plan
9 of Adjustment to get any objections on file, and we're hoping
10 to do this much quicker than that so that we can get
11 distributions out to general unsecured creditors.

12 THE COURT: Thank you, Mr. Rosen.

13 As to the ACR process, do you believe that
14 substantially the maximum number of claims that will go into
15 ACR have been put on the ACR track, or will there be many
16 more?

17 MR. ROSEN: We think that significantly all of them
18 or substantially all of them have been placed in there
19 already. As you saw, Your Honor, in the status report, I
20 believe it was over 44,000 have gone in there already, and I
21 think over 26,000 have already been reconciled. We don't
22 think that there are any more.

23 We do have the ability to file additional ones, Your
24 Honor. I believe the next one is due near the end of April.
25 We think the amount that will go in there will be

1 significantly smaller, if any. And the process has proven to
2 be extremely successful in connection with the expeditious
3 reconciliation of those claims, and the fact that they don't
4 come back to the Court. Every now and then, Your Honor, we do
5 see one that should actually not be in ACR, but should
6 actually come back to the Court, so we do file sort of a
7 transfer notice to get it back into that process, but those
8 have been relatively few in number.

9 THE COURT: Thank you, Mr. Rosen.

10 Good morning, Ms. Stafford.

11 MS. STAFFORD: Good morning, Your Honor.

12 THE COURT: So I'll turn to my next topic, which is
13 the plan for HTA. The status report indicates that the Board
14 hopes to file a plan for HTA in the near future, and I'd like
15 to be a little bit more concrete about that. Do you
16 anticipate filing the plan with a proposed schedule for
17 confirmation-related pleadings and litigation before the end
18 of April?

19 MR. ROSEN: We do, Your Honor. Your Honor, as you
20 may have seen, we were -- the distribution conditions that
21 were set forth in the Commonwealth Plan of Adjustment
22 unfortunately had not been satisfied, and those related to the
23 finalization of documentation in connection with the HTA
24 indenture, the plan, and the confirmation orders, as well as
25 trust documentation that had to be agreed upon by the

1 Oversight Board, Assured, and National. We're still in the
2 process of discussing some outstanding issues with respect to
3 those documents, but we do hope to get that concluded very,
4 very soon, so that we can not only conclude the distribution
5 conditions and distribute the CVIs that were issued pursuant
6 to the Commonwealth Plan of Adjustment, which are currently
7 sitting in a safekeeping arrangement with Bank of New York
8 Mellon, but, also, so that we can file the Plan of Adjustment,
9 Disclosure Statement, and scheduling orders very, very soon.

10 We're hoping, Your Honor, that we would do that in
11 the next three to four weeks, and what that would do, Your
12 Honor, would then, hopefully, carry forth a schedule where we
13 would get to the HTA plan process very soon thereafter, with
14 the Disclosure Statement hearing probably in June, and with
15 the Court's calendar obviously permitting, and a confirmation
16 hearing in accordance with the rules sometime shortly
17 thereafter.

18 THE COURT: Thank you. That's good news. What's
19 your anticipated timetable for the Public Finance Corporation
20 Title VI?

21 MR. ROSEN: Your Honor, we actually just received
22 comments back the other day from the Trustee that we're
23 working with AAFAF to go through. It is our hope, Your Honor,
24 that we can file that Title VI, the QM, if you will, in the
25 next few weeks.

1 THE COURT: That is good news as well. Thank you.

2 MR. ROSEN: We've been busy, Your Honor.

3 THE COURT: Pardon me?

4 MR. ROSEN: I said we've been very busy.

5 THE COURT: So it would seem. So that concludes my
6 questions for the Oversight Board. Would AAFAF's
7 representative like to make any comments in addition to the
8 written status report?

9 MR. MARINI-BIAGGI: Good morning, Your Honor. Luis
10 Marini for AAFAF.

11 THE COURT: Good morning, Mr. Marini.

12 MR. MARINI-BIAGGI: Good morning. Thank you for the
13 opportunity, Your Honor, but we don't have anything to add.

14 THE COURT: Thank you, Mr. Marini.

15 MR. MARINI-BIAGGI: Thank you.

16 THE COURT: I'll give a bit of a status report here
17 myself. With respect to mediation, what I can say now is that
18 I expect to be able to identify a proposed judicial mediator
19 or team of mediators within the next couple of weeks. As I've
20 done before, I'll file a preliminary designation notice with a
21 deadline for objections, and then make the appointment if
22 there are no objections, or the objections are overruled. So
23 stay tuned on that front, and continue to do what you need to
24 do to put yourself in position to participate meaningfully and
25 quickly in mediation.

1 Do any other counsel who are appearing in the hearing
2 have questions or comments that they wish to make in
3 connection with the status reports? If you do, use the "raise
4 hand" function to indicate your request, and then wait for me
5 to call on you to speak.

6 Thank you. I don't see any hands raised, and so I
7 will go on to Item II of the Agenda, which is the Joint Motion
8 for the Third Amended Interim Compensation Order. I do have a
9 question about the structure of the Order, and that is the
10 separation or the distinction made in the Order between
11 requests for compensation that relate to periods prior to the
12 effective date or enactment of PRRADA and then applications
13 that relate to services provided after PRRADA. As I read the
14 proposal, it would not subject the applications that go to
15 pre-PRRADA services to the disclosure requirements of the
16 statute, but the statute, as I read it, speaks in terms of the
17 timing of the filing of the application, rather than the
18 timing of the rendering of the services.

19 As I've explained in my order relating to the
20 Material Interested Parties List, I read the statute to expect
21 consideration of any conflicts that may exist as to any period
22 of the retention during the case. So is it Mr. Bienenstock
23 who is going to speak to that?

24 MR. BIENENSTOCK: Again, good morning, Your Honor.
25 Martin Bienenstock of Proskauer Rose for the Oversight

1 Board.

2 In large part, we defer to the Fee Examiner on that.
3 I would only point out that I expect that the applications for
4 pre-PRRADA services were so far along that the Fee Examiner
5 thought they could be handled, because Your Honor will
6 ultimately have final applications, which would incorporate
7 all the fees. But, again, I defer to Ms. Stadler on that.

8 THE COURT: Thank you.

9 MS. STADLER: Yes.

10 THE COURT: Ms. Stadler.

11 MS. STADLER: Thank you.

12 First, I would like to just note that while we have
13 submitted a proposed order and an amended proposed order, this
14 is very much a work in progress and a working document. As
15 Your Honor knows, there are quite a few moving pieces here,
16 and we've done our best to incorporate everybody's views, with
17 the expectation that dialogue like the one we're having right
18 now would ultimately be necessary. So I am pleased to have
19 the opportunity to discuss this in this forum.

20 Paragraph three of the proposed order addresses
21 Interim Fee Applications for periods prior to the Enactment
22 date of PRRADA. You'll note in paragraph three the
23 preliminary phrasing there says, "regardless of whether such
24 interim fee applications were filed prior to or after the
25 enactment date," and then it says, "and subject to paragraphs

1 4(a) and (e) below."

2 And then four, paragraph four, as Your Honor noted,
3 addresses applications covering interim fee periods on or
4 after the enactment date, and that is the one that includes
5 all of the PRRADA compliance procedures. So we have attempted
6 to incorporate the PRRADA compliance into the interim fee
7 application procedures, but left them separate so that there
8 would be a clear road map for how interim fee applications
9 will be resolved or handled once the PRRADA disclosure process
10 is complete. But we are absolutely open to suggestions as to
11 ways to restructure the Order that would make that more clear.

12 THE COURT: Well, obviously I missed that. It wasn't
13 clear to me, and perhaps it may be something as simple as
14 saying "subject to compliance with paragraphs 4(a) and 4(e)"
15 below in the introductory language to paragraph three. Does
16 that make sense to you as a clarification?

17 MS. STADLER: It does. These two sections of the
18 Order went through many iterations --

19 THE COURT: Yes.

20 MS. STADLER: -- that the Court did not see. There
21 were earlier versions that actually did not use the period
22 prior to the enactment date language, and, instead, referenced
23 the timing contemplated by the statute, that -- the interim
24 fee applications filed prior to the effective date, and then
25 this would have been -- paragraph three would address that

1 procedure, and then paragraph four would address interim fee
2 applications not filed before the enactment date of PRRADA.
3 And then it would have the PRRADA compliant compensation
4 procedures.

5 I think that it is -- the challenge here is of course
6 we have two debtors that are not emerged from Title III, and
7 we also have a group of professionals for the committees who,
8 pursuant to the Plan, will continue to be subject to the Title
9 III process. So we needed to have an order that contemplated
10 an interim fee process that would continue for those
11 professionals who are continuing to do Title III work, but
12 also have a carve out for the PRRADA compliance.

13 And so that's kind of how it ended up being the way
14 it is, but I'm happy with Your Honor's suggestion to add the
15 compliance language. It may be that if it was unclear to you,
16 Your Honor, that it might be unclear to other readers, and it
17 might be better then to segregate it out, so that paragraph
18 three simply applies to applications filed before the
19 effective date, and paragraph four applies to applications
20 filed after. Paragraph four does return to paragraph three
21 and say "paragraph three applies except", and then paragraph
22 four lays out the PRRADA procedures.

23 So we're open to whatever suggestions the Court may
24 have, and whatever is going to end up being the most user
25 friendly for professionals and others following the fee

1 process.

2 THE COURT: Well, for once I didn't attempt specific
3 wordsmithing on the proposed order. My reaction was more at
4 the high conceptual level, and so I want to be certain that
5 the Order requires that applications that are filed after the
6 PRRADA effective date are accompanied or preceded by the
7 necessary disclosures. I can understand the rationale for
8 wanting to keep separate, for record keeping and reference
9 purposes, in a clear way applications that relate to services
10 that were performed at a period -- during periods when PRRADA
11 wasn't in effect. There may or may not be different arguments
12 about the significance of the disclosures with respect to
13 those --

14 Can everybody hear me? Because I have a funny little
15 message on my screen that suggests I'm muted. Ms. Stadler,
16 can you hear me?

17 MS. STADLER: Yes, I can. Thank you, Judge.

18 THE COURT: Okay. Great. Thank you.

19 So, anyway, I can see that having reference points
20 so that all of the interim applications aren't lumped in some
21 way crossing service periods. That makes sense to me. So I
22 don't have strong feelings about the structure of the Order.
23 I'm just concerned about clarity that every application that
24 is submitted post PRRADA is associated with the necessary
25 disclosures, and so that's a long-winded way of saying I'm

1 open to you taking another cut at it.

2 MS. STADLER: Okay.

3 THE COURT: If it's clear to me, then that will be
4 fine.

5 MS. STADLER: Okay. Great. I would just ask then,
6 Your Honor, just because there are so many other pieces of
7 this, that we could just confirm today on the record that,
8 other than the Court's concerns with the issue we've just been
9 discussing, there are no other substantive objections, or if
10 there are, I'd like to know what they are, so that, in the
11 redrafting, we can focus on these two paragraphs and not have
12 to inundate everyone with reams and reams of paper with
13 redlining on it.

14 THE COURT: Understood. The Court has no other
15 substantive concerns with the proposed order.

16 MS. STADLER: Great. Then we will work with the
17 parties on clarifying three and four, and we'll file an
18 appropriate certification similar to the one we filed in
19 advance of today's hearing. And then obviously, if the Court
20 has further questions, we can address those in whatever way
21 the Court sees fit.

22 THE COURT: Thank you very much, and thank you for
23 all of the work that has gone into gearing us up for PRRADA
24 compliance and for your work with the parties in developing
25 the Order that was proposed.

1 I also thank the Oversight Board for their work in
2 developing the Material Interested Parties List. I understand
3 that these are very big undertakings that are taking place at
4 a time when there are many, many other big undertakings going
5 on, so my thanks to you.

6 MS. STADLER: Thank you, Your Honor.

7 THE COURT: The next Agenda item is Contested
8 Matters. That's Section III of the Agenda, and the first
9 contested matter has to do with the 345th Omnibus Objection to
10 Claims. So is it Ms. Stafford who's speaking to that?

11 MS. STAFFORD: Good morning, Your Honor. Yes.

12 THE COURT: Good morning, Ms. Stafford. This is
13 Agenda Item III.1.

14 MS. STAFFORD: Your Honor, Laura Stafford of
15 Proskauer Rose on behalf of the Oversight Board.

16 I just wanted to mention, before jumping into the
17 contested matters, that a couple of folks have reached out to
18 me indicating that the AT&T line is very difficult to hear,
19 so I don't know if the Court wants to try to address that
20 first.

21 THE COURT: All right. Let's take a pause and see
22 what we can do about the AT&T line, so everyone just sit tight
23 for a moment.

24 We're working on the AT&T issue, so just bear with
25 us, everyone.

1 We think that we've fixed the problem with the AT&T
2 line, and so we're now ready to go on. Ms. Stafford?

3 MS. STAFFORD: Thank you, Your Honor.

4 So the next four items on the Agenda, starting with
5 III.1 and going through III.4, were all carried over from the
6 January Claim Objections Hearing in light of the Court's
7 desire to give Ms. Ivonne Gonzalez Morales an opportunity to
8 speak on behalf of several claimants who filed pro se
9 responses to certain Omnibus Objections. I'm happy to report
10 that, after discussions with Ms. Ivonne Gonzalez, we were able
11 to resolve each of these matters, and counsel had authorized
12 me to report on our agreement to the Court.

13 As of this morning, Counsel did also indicate that
14 she intended to appear and make a statement regarding the
15 difficulties of managing duplicate objections. I don't know
16 if she's on the line at this point, and if the Court would
17 like to hear anything from her prior to hearing our agreement?

18 THE COURT: Ms. Gonzalez-Morales is not on the Zoom
19 connection, and I am told that she is not in the courtroom in
20 San Juan either. Those are the two means of being able to
21 appear, so it seems that she has decided not to appear after
22 all. So would you proceed with your recitation on the record
23 of what the agreement is?

24 MS. STAFFORD: Of course, Your Honor. And just to be
25 clear, our agreement was structured around the Omnibus

1 Objections themselves, not along the lines of the Agenda
2 items. I'm happy to just read out our agreement, and I can
3 note for Your Honor where each claim appears on the Agenda, or
4 I'm happy to go through the Agenda. Whatever is easiest for
5 you, Your Honor.

6 THE COURT: Well, as long as you're clear on the
7 record when you read out the agreement as to which claims and
8 Agenda items are resolved by it, I think that will be
9 sufficient and helpful to our court reporter. Then of course
10 you'll incorporate these resolutions into the orders that you
11 ultimately submit on these claim objections; is that correct?

12 MS. STAFFORD: That's correct, Your Honor.

13 THE COURT: Okay. So please proceed. Thank you.

14 MS. STAFFORD: Thank you, Your Honor.

15 So with respect to the 341st objection, which I
16 believe is addressed at Agenda Items III.2 and III.3, the
17 parties agree that Proof of Claim Nos. 12310 and 12526 may be
18 disallowed as duplicative. This disallowance will not affect
19 any other claims filed by the claimants who filed Proof of
20 Claim Nos. 12310 and 12526.

21 With respect to Omnibus Objection -- to the 345th
22 Omnibus Objection, the parties agree that Proof of Claim No.
23 12337, which appears at Item III.2 on the Agenda; Proof of
24 Claim No. 12312, which appears at Item III.3 of the Agenda;
25 Proof of Claim No. 129809, which appears at Item III.1 of the

1 Agenda; 121773, which appears at Item III.1 of the Agenda;
2 Proof of Claim No. 24315, which appears at Item III.4 of the
3 Agenda; and Proof of Claim No. 20600, which appears at Item
4 III.4 of the Agenda, may be reclassified as general unsecured
5 claims pursuant to the Court's previous order sustaining the
6 345th Omnibus Objection.

7 The parties recognize that Ms. Gonzalez's motion for
8 reconsideration of the Court's order granting the 345th
9 Omnibus Objection remains pending, and the Court's ruling on
10 that motion may affect the classification of these claims.
11 Further, to the extent any of these claims assert liabilities
12 arising from judgments in the *Nilda Agosta*, *Juan Perez-Colon*,
13 *Jeanette Abrams*, or *Tomassini* litigations, the parties
14 recognize that Ms. Gonzalez's motions for treatment of
15 liabilities associated with those judgments as administrative
16 expenses remain pending, and the Court's ruling on those
17 motions may affect the classification of these claims.

18 I have two other notes, Your Honor, with respect to
19 the 345th Omnibus Objection. First, Claim No. 139753, which
20 appears at Item III.1 of the Agenda, was originally scheduled
21 for the January Omni and was -- or the January Claims
22 Objection Hearing, excuse me, and was adjourned to this
23 hearing in order to allow Ms. Gonzalez to speak regarding the
24 claim. However, after reviewing the claim, Ms. Gonzalez has
25 represented to us that she does not represent that claimant

1 with respect to the matters asserted in that claim. That
2 claim asserts separate litigations that Ms. Gonzalez is not a
3 part of. And, accordingly, we'd submit that that claim should
4 be reclassified on the basis of the materials submitted in
5 connection with the January Claim Objection Hearing. And
6 we're happy to go through any of that if that would be helpful
7 to Your Honor.

8 THE COURT: I heard that claim at the January Claim
9 Objection Hearing, and with nothing further being offered in
10 respect of that claim, I am prepared to grant the objection to
11 that claim -- well, to sustain the objection to that claim,
12 but I -- let's see. Just one moment.

13 I'm sorry. As you know, it's a little hard to match
14 everything up, so I am --

15 MS. STAFFORD: Of course.

16 THE COURT: -- looking through my notes relating to
17 that particular claim. Yes. So the Claim No. 139753, which
18 was filed by Neysha Colon-Torres, is reclassified as a general
19 unsecured claim, because the claimant has failed to identify
20 any factual or legal basis supporting her assertion that the
21 claim should be treated as secured with respect to any Title
22 III debtor.

23 MS. STAFFORD: Thank you, Your Honor.

24 So with respect to the 345th Omnibus Objection, Your
25 Honor, we also took the opportunity during our discussions

1 with Ms. Gonzalez regarding claims adjourned from the January
2 Claim Objection Hearing to discuss three claims that were
3 initially raised at the August 2021 Omnibus Hearing. In each
4 instance, the Court had asked us to investigate these claims,
5 because they had been referenced in Ms. Gonzalez's response
6 but not in our reply.

7 We spoke with Ms. Gonzalez about each of these
8 claims, and we've reached agreement with respect to the
9 treatment of them as well. The first of those is Proof of
10 Claim No. 20773, and the parties have agreed that that claim
11 may also be reclassified as a general unsecured claim pursuant
12 to the Court's previous orders, but recognizing that
13 Ms. Gonzalez's motions for reconsideration of the 345th
14 Omnibus Objection Order and her motions seeking admin expense
15 treatment of certain judgments may affect the classification
16 of that claim.

17 The remaining two claims that were previously raised
18 at the August 2020 Omni that we also discussed with
19 Ms. Gonzalez were Proof of Claim Nos. 23166 and 47278. The
20 parties have agreed that proofs of -- that each of those
21 proofs of claim may be partially disallowed to the extent they
22 assert liabilities associated with the *Acevedo-Camacho*
23 litigation and the *Beltran-Cintron* litigation respectively.
24 The claimants will retain the portions of their claims which
25 assert additional liabilities separate from these two

1 | litigations.

2 | And, for clarity of the record, Proof of Claim 23166
3 | also asserts the *Socorro Cruz* litigation, and Proof of Claim
4 | 47278 also asserts the *Nilda Agosta* litigation. The claimants
5 | will retain their rights arising from -- the claimants will
6 | retain their proofs of claim asserting the *Socorro Cruz* and
7 | *Nilda Agosta* litigations, and they will also retain any rights
8 | that may arise from master proofs of claim filed by Ivonne
9 | Gonzalez on behalf of plaintiffs in the *Acevedo-Camacho* and
10 | *Beltran-Cintron* litigations. And we are happy to incorporate
11 | these statements into the proposed order as well.

12 | THE COURT: Thank you.

13 | Is there anything further with respect to Items III.1
14 | through III.4?

15 | MS. STAFFORD: Nothing further, Your Honor.

16 | THE COURT: Thank you.

17 | So that takes us then to Item III.5, which is the
18 | 417th Omnibus Objection, and the response of Jose Onofre
19 | Ortiz-Quinones.

20 | Is someone appearing for the claimant?

21 | MS. HERNANDEZ-RODRIGUEZ: Yes, Your Honor.

22 | THE COURT: Good morning, Ms. Hernandez.

23 | MS. HERNANDEZ-RODRIGUEZ: Good morning.

24 | THE COURT: So I will ask the Oversight Board's
25 | counsel first to summarize the objection.

1 MS. STAFFORD: Thank you, Your Honor.

2 The 417th Omnibus Objection, which was filed at ECF
3 no. 20043, seeks to disallow in their entirety proofs of claim
4 that assert liabilities purportedly owed to public employees
5 by entities that are not Title III debtors. The response for
6 hearing this morning was filed by Mr. Jose Onofre
7 Ortiz-Quinones with respect to Proof of Claim No. 179673, and
8 that response is at ECF no. 20301.

9 The claim and response assert liabilities associated
10 with Mr. Ortiz-Quinones's employment with the Puerto Rico
11 Sugar Corporation. Specifically, the response asserts that
12 Mr. Ortiz-Quinones is entitled to a pay increase granted by
13 Law 90 of 1986, because that law applied to all public
14 employees subject to the personnel -- public service personnel
15 law and who had not received a federal minimum wage increase;
16 and pursuant to the acquired rights doctrine,
17 Mr. Ortiz-Quinones's right to the salary increase once vested
18 cannot be injured or ignored by subsequent law. Regardless --

19 THE COURT: May I -- I'm sorry. Ms. Stafford, may I
20 just interrupt you for a moment?

21 MS. STAFFORD: Of course.

22 THE COURT: My notes to myself indicate that the
23 objection was to claim nos. 179671 and 179673. You just
24 mentioned 179673, so am I mistaken in thinking that this is
25 directed to claim no. 179671 as well?

1 MS. STAFFORD: So my understanding of the response
2 was that it was directed to 179673, the response that was
3 filed at ECF 20301. To the extent that it addresses 179671 as
4 well, my understanding is that the same -- the same arguments
5 are being raised by Mr. Ortiz-Quinones, and we would have the
6 same arguments in response, that this is --

7 THE COURT: I have a note that Mr. Ortiz-Quinones
8 filed objections at 20301 and 20381 essentially taking the
9 same position.

10 MS. STAFFORD: I believe these --

11 THE COURT: Is that correct, Ms. --

12 MS. STAFFORD: I apologize, Your Honor.

13 THE COURT: I'm sorry. So perhaps his counsel can
14 clarify that. Were there two responses filed taking the same
15 position essentially?

16 MS. HERNANDEZ-RODRIGUEZ: Yes, Your Honor. Vanessa
17 Hernandez-Rodriguez, Esquire.

18 Yes. The claim is 179673. It's a claim that I
19 filed, motion urgent, to this court.

20 THE COURT: So did you file something at 20381,
21 another objection for Mr. Ortiz-Quinones?

22 MS. HERNANDEZ-RODRIGUEZ: Yes, I submit another
23 claim, but it's a supplemental petition for -- in this
24 supplemental petition, I submit evidence to the Government of
25 Puerto Rico, Commonwealth of Puerto Rico, Your Honor.

1 THE COURT: So should I be considering this evidence
2 and these arguments in connection with both of the Proofs of
3 Claim, 179673 and 179671, or should I consider this argument
4 to concern only 179673?

5 MS. HERNANDEZ-RODRIGUEZ: Yes. I submit proof of
6 claim, another -- this document in this name. I'm sorry.
7 This number -- I receive this number, and Jose Onofre Ortiz
8 pro se submit the proof of claim, yes. And in the motion --
9 March 16 of this year, I submit Motion Urgent of Objection to
10 417th Omnibus Objection.

11 THE COURT: So which proof of claim numbers are you
12 appearing to discuss today? Is it Proof of Claim No. 179673
13 only, or also 179671?

14 MS. HERNANDEZ-RODRIGUEZ: Both numbers, yes.

15 THE COURT: Both numbers.

16 MS. HERNANDEZ-RODRIGUEZ: Yes.

17 THE COURT: All right. Thank you.

18 Ms. Stafford, would you continue?

19 MS. STAFFORD: Yes. Thank you, Your Honor. And our
20 arguments in response would address both 179673 and 179671.

21 So, as noted, Mr. Ortiz-Quinones is asserting a right
22 to a pay increase granted by Law 90 of 1986. However,
23 regardless of whether Mr. Ortiz-Quinones is entitled to that
24 salary increase, he cannot recover for these liabilities
25 against the Commonwealth.

1 As we explained in our reply, the Puerto Rico Sugar
2 Corporation is not a Title III debtor, but, rather, is a
3 former government entity. When it existed, it was part of the
4 Puerto Rico Land Authority, and it was a separate and
5 independent entity from the Commonwealth of Puerto Rico. It
6 subsequently has been dissolved, and in connection with that
7 dissolution, its operations and liabilities were transferred
8 to the Puerto Rico Land Authority, which is also a separate
9 and independent entity from the Commonwealth of Puerto Rico.
10 And for those reasons, we'd request the Court sustain the
11 objection and disallow both Proof of Claim Nos. 179673 and
12 179671.

13 Thank you, Your Honor.

14 THE COURT: Thank you.

15 Ms. Hernandez-Rodriguez?

16 MS. HERNANDEZ-RODRIGUEZ: Yes. May it please the
17 Court. Good morning.

18 Yes. Okay. Yes, Your Honor. The Sugar Corporation,
19 our position is that 189 of year -- the Law of the Transfer of
20 Assets and Liabilities of the Sugar Corporation of year 1996
21 is the one law, special law that gives -- that gives benefit
22 upon this reclamation of this Court. This is very important,
23 because the principal fundament (ph) for this claim is that
24 the law is clear, Your Honor, the Puerto Rico Sugar
25 Corporation is a public corporation. And then, of the

1 corporate law, the Law 90 of year 1986 say that all public
2 employees, career, regular or probationary and transitory
3 employees without distinction of status or categories, who are
4 a part of the personnel system created by virtue of the Public
5 Service Personnel Law --

6 COURTROOM DEPUTY: Your Honor.

7 MS. HERNANDEZ-RODRIGUEZ: -- and who did not receive
8 --

9 COURTROOM DEPUTY: We're sorry, Your Honor. The
10 court reporter needs counsel to repeat.

11 MS. HERNANDEZ-RODRIGUEZ: Okay.

12 THE COURT: So, Counsel, if you would repeat your
13 remarks a little bit more slowly. It's just difficult with
14 all of the electronic connections here to make sure the sound
15 comes through clearly enough for us to understand. So that I
16 understand perfectly and the court reporter can hear, please
17 speak as slowly and distinctly as you can, and we will not
18 hold that against you on the timing front.

19 MS. HERNANDEZ-RODRIGUEZ: Okay.

20 THE COURT: We won't buzz at you.

21 MS. HERNANDEZ-RODRIGUEZ: Okay. I'm sorry. Yes.

22 The Law 90 of year 1986, known as *Aumento de Sueldo*
23 *para los Empleados Publicos*, say that all public employees,
24 career, regular or probationary and transitory employees,
25 without distinction of status or categories, who are part of

1 the Personnel System created by virtue of the Public Service
2 Personnel Law, and who did not receive any increase due to the
3 application of the federal minimum wage as of April 15 of year
4 '86, will receive, will receive an increase of 55 dollars
5 effective 1st October of this year.

6 This law says specifically that employees of the
7 municipalities, the teachers, and police officers is excluded
8 of this increase of salary, Your Honor. And the specific law,
9 the specific law of Public Service Personnel Law Five of 1975,
10 say that the meaning agency include public corporation. It's
11 clear that Puerto Rico Sugar Corporation is a public
12 corporation, and the Public Service Personnel Law No. Five of
13 1975 say that the meaning agency say specifically corporacion
14 publica (ph).

15 Your Honor, when the words of the law in their
16 application to an existing situation are clear and free from
17 all ambiguity, the letter of the law shall not be disregarded
18 under the pretext of pursuing the spirit, Your Honor. It's --
19 clear and convincing means exactly what is suggested by the
20 ordinary meaning of the terms making up the phrase, Your
21 Honor. And it's very important, that opinion of Honorable
22 Federal Supreme Court in *Microsoft Corp. v. i4i P'ship*, case
23 no. 564 U.S. 91, that say "the assumption that the ordinary
24 meaning of the language chosen by Congress accurately
25 expresses the legislative purpose," and say also, "but where

1 Congress uses a common-law term in a statute, we assume the
2 terms come with a common law meaning, absent anything pointing
3 another way," Your Honor.

4 For us, it's very important that it's clear that the
5 Law No. 90 of year '86 give -- give a moment, please. Upon
6 this law it say that -- also that Jose Onofre Ortiz-Quinones
7 is a creditor in this case, Your Honor, because the
8 Commonwealth of Puerto Rico is the employer, is employer in
9 this case, Your Honor.

10 If I -- if you see -- if Your Honor address to docket
11 20381, Your Honor, the attachment exhibit, you can see the
12 certificate translation by Carlos Lao Davila, federally
13 certified interpreter. And the first line of this letter,
14 Your Honor, letter of severance, say "Commonwealth of Puerto
15 Rico", and the second line of this letter say "Sugar
16 Corporation of Puerto Rico", Your Honor.

17 In this letter dated November 10 of year 2000, say,
18 the Sugar Corporation of Puerto Rico is in the need of
19 carrying out some layoffs in the Mercedita Refinery, due to
20 the transfer of the assets of the Colonos Refinery, pursuant
21 to what is established by Act -- by the Act 199 (sic) of
22 September 5, 1996, as amended. And this year, Your Honor, is
23 -- that Law No. 189 supra is called as *Ley de Transferencia*
24 *Activos y Pasivos de la Corporacion Azucarera*.

25 COURT REPORTER: I'm sorry, Your Honor. This is the

1 court reporter. I need the Spanish name again, please.

2 MS. HERNANDEZ-RODRIGUEZ: Yes. *Ley de Transferencia*
3 *Activos y Pasivos de la Corporacion Azucarera*. In English,
4 Law on the Transfer of Assets and Liabilities of the Sugar
5 Corporation, Law No. 189 of year 1996.

6 Your Honor, the explanatory note says the Government
7 of Puerto Rico has decided to transfer certain assets and
8 liabilities of the Puerto Rico Sugar Corporation, and/or the
9 Puerto Rico Land Authority. This is very important, Your
10 Honor, because the Puerto Rico Sugar Corporation's part of the
11 Puerto Rico Land Authority. Is the same thing, Your Honor.

12 THE COURT: You're saying that the Sugar Corporation
13 and the Land Authority are the same? Is that what you said?

14 MS. HERNANDEZ-RODRIGUEZ: In the official document,
15 the -- yes, in the official document, Commonwealth of Puerto
16 Rico address to Puerto Rico Sugar Corporation and/or the
17 Puerto Rico Land Authority, Your Honor.

18 In the Article VI, say "all the benefit of the
19 employees and workers of the corporation acquired up to the
20 transfer date shall be the sole responsibility of the
21 corporation," and say "it is provided that benefits for early
22 retirement, years of service, severance pay, and other
23 compensation will be approved for employees of the corporation
24 who qualify and have not been relocated to the government
25 agency of the transferred debts."

1 Okay. Here, the cert. of Jose Onofre Ortiz-Quinones,
2 not continued working for the Commonwealth of Puerto Rico,
3 Your Honor. Now is retirement. It is -- he is in this
4 process of retirement now, and the Article X say, the benefit
5 of this same -- of this same law, Your Honor, 189 supra, the
6 benefit of accreditation of previous services in the Employee
7 Retirement System of the Government of Puerto Rico and its
8 instrumentalities are extended to the employees of the sugar
9 mills that were acquired by the Government of Puerto Rico
10 after year 1970, which participant of the retirement system
11 come with the incorporation of the corporation in the year
12 1976. The corporation will make the payment of the
13 corresponding employer contribution for each employee per
14 request service accreditation, Your Honor. And in this
15 moment, Jose Onofre Ortiz-Quinones is in this process, the
16 service accreditation.

17 For us it is very important that he's covered, that
18 he's part of this Title III proceeding in this case, Jose
19 Onofre Ortiz-Quinones, for the disposition specific of law.
20 But it's very important, Your Honor, that also is part, but
21 common sense -- for example, Jose Onofre Ortiz-Quinones was a
22 -- is a student of University of Puerto Rico. The first line
23 of each document letter say University of Puerto Rico, or
24 University of Harvard, or anywhere else, but the first line of
25 each document that receives the credit of Jose Onofre

1 Ortiz-Quinones say Commonwealth of Puerto Rico, Your Honor.
2 It's part of records. Always the Commonwealth of Puerto Rico
3 have all documents of Jose Onofre Ortiz.

4 For us, it's very important also, because, in all
5 process, there is good faith, Your Honor. The PROMESA law
6 also have this disposition, Your Honor. And --

7 THE COURT: Would you please -- I'm sorry,
8 Ms. Hernandez-Rodriguez. Would you repeat the last two
9 sentences? You said that the Commonwealth of Puerto Rico has
10 something, and I didn't understand the word.

11 MS. HERNANDEZ-RODRIGUEZ: Yes. I'm sorry, Your
12 Honor. The letter of severance, the letter of this chart for
13 employment dated November 10, the year is 20 -- say, the first
14 line is "Commonwealth of Puerto Rico." For us, it's very
15 important, because his -- the Sugar Corporation of Puerto Rico
16 is a separate entity, and is -- no is part of this case. Say
17 another word -- no, Commonwealth of Puerto Rico.

18 And the personnel history is very important, that all
19 documents of personnel history, the first line also say
20 "Commonwealth of Puerto Rico," and that Jose Ortiz-Quinones is
21 member of personnel.

22 THE COURT: So are you saying that because the
23 Commonwealth of Puerto Rico is the first line on the severance
24 letter, before Sugar Corporation of Puerto Rico and the name
25 of the particular refinery, that the Commonwealth of Puerto

1 Rico was Mr. Ortiz-Quinones's employer, even though there are
2 statutes that say the Sugar Corporation is separate, is a
3 separate public corporation, and the Land Authority is a
4 separate entity from the Commonwealth?

5 MS. HERNANDEZ-RODRIGUEZ: Yes. I want clear that --
6 yes, it's -- Commonwealth of Puerto Rico is the first line of
7 all documents that receive Mr. Jose Ortiz-Quinones, but it's
8 very important that the Public Service Personnel Law
9 specifically say that, the meaning agency, the agency of the
10 Commonwealth of Puerto Rico, include, include the corporation,
11 the public corporation, Your Honor. This is the Law Five of
12 1975, Your Honor. It's a clear and specific disposition of
13 law, and it's a -- Law No. 90 of year '86 give increase to the
14 salary, increase to salary to all.

15 THE COURT: Yes.

16 MS. HERNANDEZ-RODRIGUEZ: To all employees.

17 THE COURT: I have one additional question for you.
18 As I understand the written arguments, the Oversight Board's
19 position is that those statutes relating to pay levels and
20 increases for public employees set the levels that public
21 corporations were supposed to pay, but did not say that the
22 Commonwealth would pay it. The Commonwealth required public
23 corporations to pay it, but there is nothing in the particular
24 law that says the Commonwealth itself would have to pay it.

25 So what in the law, or in any other document that you

1 have says that the Commonwealth, as opposed to the Sugar
2 Corporation, would have to pay this compensation to public
3 employees employed by a public corporation?

4 MS. HERNANDEZ-RODRIGUEZ: Okay. Your Honor, my
5 opinion -- my opinion is that Law No. 90 of year 1986 is clear
6 that give increase of salary, but also it's very important
7 that acquired right doctrine law say that once a right has
8 been vested, then it may not be altered or reduced by
9 subsequent legislation. The creditor has not received the
10 salary increase. Neither, the creditor receive not rise wage
11 to the application of the federal minimum wage of April 15 of
12 law -- 1986.

13 I sustain my argument upon the Doctrine of Acquired
14 Rights that say, "what is meant by acquired rights or the
15 protection of acquired rights" is the question. "Let us note
16 that the very term 'acquired' or 'vested' right implies and
17 suggests the idea of protection," Your Honor.

18 Also, it's important that -- the line of the
19 epigraph, *Estado Libre Asociado de Puerto Rico*, specifically
20 say, Commonwealth of Puerto Rico, say that give -- join with
21 the specific law, the fundamental part of the law form part of
22 the Title III proceedings, Your Honor.

23 I'm sorry. Give me a moment, please.

24 THE COURT: If you would wrap up your comments, I'd
25 be grateful.

1 MS. HERNANDEZ-RODRIGUEZ: Yes. And, also, I cannot
2 see this situation for separate, Your Honor -- I need -- we
3 need to see this situation, study that treat the law, the Law
4 90 of supra, and also the Law 189 of year 1996. In the
5 explanatory notes, it's important that Your Honor see that in
6 one the -- give me a moment. The second paragraph of the
7 explanatory note say specifically, (Remarks in Spanish.)

8 COURT REPORTER: Your Honor, excuse me. I'm sorry.
9 This is the court reporter. The Spanish does not get
10 translated into the record, so it is needs to be in English.

11 MS. HERNANDEZ-RODRIGUEZ: Yes. The second paragraph
12 of explanatory note say -- I'll translate. Okay. The
13 Government of Puerto Rico has decided to transfer certain
14 assets and liabilities -- and liabilities of the Puerto Rico
15 Sugar Corporation and the Puerto Rico Land Authority to the
16 companies to be created via cane producer and seller of sugar,
17 Your Honor. But in the Puerto Rico Article X, say -- the
18 Article VI, I'm sorry, say specifically that all benefit of
19 the employees and workers of the corporation accrued up to the
20 transfer date shall be sole responsibility of the corporation.
21 This meaning is that the responsibility of paying the increase
22 of salary is only the corporation. And in the corporation, in
23 this moment, Your Honor, is very important that the
24 corporation of this moment, this -- in this moment of law say,
25 and the meaning agency include public corporation. It's the

1 law in this moment, Your Honor. No change is correct, but in
2 this moment, when receive increase of salary, Mr. Jose Onofre
3 Ortiz-Quinones, he thought that have a benefit of increase the
4 salary. By this reason, I mention in my Motion Urgent
5 Objection that if the acquired right doctrine law is
6 application in this case, because one right has been vested,
7 then it may not be altered or reduced by a subsequent
8 legislation, Your Honor.

9 THE COURT: Thank you. Your time is up now.

10 MS. HERNANDEZ-RODRIGUEZ: Okay. Thank you very much.

11 THE COURT: Thank you.

12 Ms. Stafford.

13 MS. STAFFORD: Thank you, Your Honor.

14 Just briefly, as Your Honor noted in your question,
15 the statutes that Ms. Hernandez-Rodriguez cites that relate to
16 the setting of public employees' salaries, the Oversight Board
17 understands those to apply to the Commonwealth and any public
18 corporations, but they do not imply that the Commonwealth is
19 assuming liabilities that are owed by any specific
20 corporation.

21 As noted in our reply and in our opening remarks, the
22 Sugar Corporation was an independent entity with the right to
23 sue and be sued, and with its own liabilities separate from
24 the Commonwealth. That is also true of the Puerto Rico Land
25 Authority, of which it was originally a subsidiary and to

1 which it transferred its liabilities upon its dissolution.

2 To the extent Ms. Hernandez-Rodriguez is arguing that
3 the fact that the letters sent by the Sugar Corporation
4 included the words "Commonwealth of Puerto Rico", we would
5 submit that that does not eliminate the statutory separation
6 that existed between the Sugar Corporation and the
7 Commonwealth of Puerto Rico. And, in fact, the statute that
8 Ms. Hernandez-Rodriguez cites notes that liabilities with
9 respect to employee -- alleged back pay or salaries would
10 reside either with the corporation, which no longer exists, or
11 with the Puerto Rico Land Authority, which is not a part of
12 the Commonwealth. And for those reasons, Your Honor, we would
13 submit that there's no basis to hold the Commonwealth liable
14 for the liabilities that have been asserted by
15 Mr. Ortiz-Quinones, Your Honor.

16 Thank you.

17 THE COURT: Thank you.

18 I reviewed carefully the submissions prior to today,
19 and I have listened very carefully to the arguments that have
20 been made today. This is my decision.

21 The 417th Omnibus Objection is sustained as to Claim
22 Nos. 179671 and 179673 filed by Jose Onofre Ortiz-Quinones.
23 Those claims are disallowed in their entirety, because they
24 assert claims arising from claimant's employment with the
25 Sugar Corporation, and the Commonwealth is not liable for

1 those claims.

2 Commonwealth law is clear that the Sugar Corporation
3 had a separate legal identity from that of the Commonwealth.
4 In particular, 28 L.P.R.A. 242(c), which was enacted in 1954,
5 and amended in 1955, provides that the Puerto Rico Land
6 Authority and its subsidiaries are public corporations that
7 have legal existence a nd legal personality separate and
8 apart from those of the Commonwealth of Puerto Rico; and,
9 consequently, the debts, obligations, and property of the
10 Authority and of its subsidiaries shall be understood as being
11 of the said corporations, and not of the Commonwealth of
12 Puerto Rico.

13 The Sugar Corporation was a subsidiary of the Land
14 Authority, and that is reflected also in several judicial
15 decisions, for example, *Mercado-Vega v. Martinez*, 692 F. Supp
16 36, 37, (D.P.R. 1988), where the Court stated "the Sugar
17 Corporation is a subsidiary of the Land Authority of Puerto
18 Rico." Also, *Sugar Corporation of Puerto Rico v.*
19 *Environeering, Inc.*, 520 F. Supp 996, 998, also from the
20 District of Puerto Rico, a 1981 decision, where the Court
21 recognized that Corporacion Azucarera is a subsidiary of the
22 Land Authority of Puerto Rico. Finally, I also cite *Pedrosa*
23 *de San Miguel v. Blanco Lugo*, 560 F.2d 34, 35, (1st Cir.
24 1977), which identifies the Sugar Corporation as a subsidiary
25 of the Land Authority.

1 These statutes and cases make it clear that the Sugar
2 Corporation had its own separate legal existence, and that it
3 was a subsidiary of the Land Authority. And nothing in the
4 statute suggests that the Commonwealth had a direct
5 responsibility for any liabilities of the Sugar Corporation,
6 and, in fact, the statutory language is to the contrary. The
7 fact that the name of the Commonwealth of Puerto Rico is also
8 on the letterhead of the Sugar Corporation of Puerto Rico in
9 the severance notice does not render the Commonwealth of
10 Puerto Rico liable for the liabilities of the Sugar
11 Corporation, which are defined by the statute.

12 The laws that have been cited relating to pay levels
13 and pay increases, in particular Law 90 of 1986, obligates
14 public corporations to provide certain levels of pay. It does
15 not say that the Commonwealth of Puerto Rico is liable for
16 those payments to people who are employed by public
17 corporations. Accordingly, the claimant has not demonstrated
18 a basis for holding the Commonwealth liable for the Sugar
19 Corporation's alleged debts, and the proofs of claim which
20 have been filed against the Commonwealth of Puerto Rico are,
21 therefore, disallowed.

22 Thank you, Ms. Stafford, and thank you,
23 Ms. Hernandez-Rodriguez.

24 MS. HERNANDEZ-RODRIGUEZ: Thank you very much.

25 THE COURT: Counsel, are there any other matters that

1 need to be addressed today? Since we have concluded the set
2 Agenda, if you wish to be heard, raise your electronic hand on
3 the screen.

4 I see no hands raised, and so this concludes the
5 hearing Agenda for this Omnibus Hearing. The next scheduled
6 hearing date is the May 18th to 19th, 2022, Omnibus Hearing.
7 At this point, I expect to preside over that hearing in person
8 at the courthouse in San Juan, Puerto Rico, with a video
9 connection to the courthouse here in New York for viewing and
10 counsel appearance purposes. Attorneys who will be scheduled
11 to speak on the Agenda should expect to appear in person at
12 the San Juan courthouse or the New York courthouse.

13 Depending on the status of public health
14 restrictions, it may be necessary to limit the number of
15 people who can be present in particular courtrooms, and so the
16 Court encourages parties to keep track of the various
17 guidelines and protocols by visiting the websites of the
18 District of Puerto Rico and the Southern District of New York
19 for up-to-date COVID-19 information and guidelines. An
20 appropriate procedural order for the hearings providing
21 further details will be issued in due course.

22 As always, I thank the court staff in Puerto Rico, in
23 New York, and in Boston for their work in preparing for and
24 conducting today's hearing, and their ongoing, outstanding
25 support of the administration of these very complex cases.

1 Stay safe and keep well, everyone. We are adjourned.

2 (At 11:07 AM, proceedings concluded.)

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1 U.S. DISTRICT COURT)

2 DISTRICT OF PUERTO RICO)

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4 I certify that this transcript consisting of 45 pages is
5 a true and accurate transcription to the best of my ability of
6 the proceedings in this case before the Honorable United
7 States District Court Judge Laura Taylor Swain, and the
8 Honorable United States Magistrate Judge Judith Gail Dein on
9 March 23, 2022.

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13 S/ Amy Walker

14 Amy Walker, CSR 3799

15 Official Court Reporter

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